

Director, Central Intelligence
Deputy Director, Intelligence

22 May '56

Assistant Director, Research and Reports

Potential European Satellite Exports to the United States

1. Summary of Trade of the European Satellite with the United States

Trade with the European Satellites constitutes only a small fraction of United States total trade. In 1943 such trade amounted to \$121.7 million or six-tenths of one percent of total United States foreign trade. By 1955 trade with the European Satellites had diminished to \$45.7 million or less than two-tenths of one percent of total United States foreign trade.

2. Changing Patterns of European Satellite Exports

The major exports of the European Satellites to the West have traditionally been those of the farm, forest and mine. Rapid industrialization and increasing efforts at close economic integration have, however, necessitated a shift of domestic resources from agriculture to industry with a resultant decline in the production and export surpluses of most of the area's traditional agricultural and raw material exports. By 1954 the European Satellites had become net importers of food products.

Never a large consumer of Satellite mineral and agricultural products, the United States has remained relatively unaffected by the changing patterns of Satellite exports. Major prewar United States imports from the European Satellite area were hemp from Poland, textiles, glass, leather shoes and gloves from Czechoslovakia, furs from Austria and cigarette tobacco leaf from Bulgaria. Major United States imports from postwar Germany included chemicals, photographic equipment and machinery of various types.

3. Current European Satellite Exports to the United States

Any attempt to estimate Satellite export potential to the United States is necessarily complicated by strategic export controls and the provisions of the Trade Agreements Extension Act of 1951. Under Sections 5 and 11 of the latter, the President was required to take

action to deny the benefits of trade agreement concessions to imports from the USSR and its satellites and to prevent the importation of certain furs from the USSR and Communist China. Accordingly, in 1951-52 the United States withdrew all trade agreement concessions insulating the "most favored nation" clause from each of the satellites, thus subjecting commodities imported from the bloc to the relatively high rates of duty specified in the tariff act of 1930. This action has eliminated all but the most competitive dutiable items imported from the bloc.

Although United States imports from the European satellites have shown a small but steady increase (\$23 million in 1952, \$26 million in 1953, \$30 million in 1954, and \$38 million in 1955) the commodity composition of such trade has remained substantially unaltered, 1/ and restricted to a relatively few major items. One of \$37.9 million worth of imports from the European satellites in 1955, \$17 million or almost half consisted of Polish hams. The remainder was largely accounted for by shipments of fertilizer and photographic equipment from East Germany, feathers and hurlap from Hungary, glass products from Czechoslovakia and balsams and naphthalene from Poland.

4. Prospects for Future European Satellite Exports to United States

A brief analysis of past and present satellite-United States trade trends gives the following conclusions:

1. United States demand for European satellite products remains a relatively elastic one, conditioned to a large extent by bloc sales promotion and pricing policy. The United States currently imports few satellite goods for which an alternate source of supply is not readily accessible.

2. A relaxation of controls and the extension of most favored treatment to satellite nations would probably not result in any large scale expansion of satellite exports to the United States. However, a moderate increase in the volume of those bloc goods which are currently exported to the United States and the introduction of new items as they become more competitive in the United States market could be expected.

1. The most noteworthy changes have been the complete disappearance of Czech leather shoes and gloves, major pre-war exports to the United States, and the rapid increase in Polish shipments of coal tar products.

3. An expansion of United States exports to the European Satellites in the form of surplus agricultural commodities could presumably be paid for out of dollar earnings, which have accrued to the area from its consistent and relatively large favorable trade balance with the United States (\$22 million in 1952, \$24 million in 1954, and \$32 million in 1955).

OTTO E. GUTHE

United States Imports from the European Satellites by Principal Commodities
1948, 1949, 1950, 1951, and 1952
(In thousands of U.S. dollars)

Commodity	1948 1/	1949	1950	1951	1952
General imports	26,313	22,768	23,646	30,483	31,637
Imports for consumption 1/	29,168	22,440	23,974	30,975	37,906
Meats and sausage casings	6	7,239	10,574	17,677	19,813
Fish products including shellfish	1/	20	23	12	25
Other foodstuffs	449	344	496	636	205
Furs and manufactures	1,466	668	343	418	467
Wool, sorted, bunched, or prepared	32	437	437	310	481
Feathers, crude	1,419	2,885	1,636	891	911
Yokons, unmanufactured	2,222	4	36	21	165
Wool, manufactured	—	—	—	—	—
Hair and manufactures	15	43	10	9	2
Other textiles and manufactures	6,092	795	582	1,140	1,089
Glass and glass products	2,430	1,202	715	913	1,734
Pottery and clay products	173	256	142	59	101
Precious and semiprecious stones, imitations and industrial diamonds	2,787	153	650	493	590
Antimony	—	127	—	—	—
Platinum group metals and jewelry	1,309	11	17	20	21
Coal-tar products, mainly benzene and naphthalene	757	57	336	1,943	3,737
Fertilizers and fertilizer material	18	2,746	2,849	1,487	2,287
Photographic goods	30	1,097	1,337	1,771	1,970
Artworks and antiques	11	114	84	90	125
Beads and fabrics and articles of beads	2,446	20	251	649	459
All other imports	4,330	3,132	3,045	2,704	3,561

1. East Germany not included in 1948.
2. Commodity data are imports for consumption.
3. Less than \$500.

**United States Exports from the Sino-Soviet Bloc
1938, 1948, 1952, 1954, and 1955**

(In thousands of U.S. dollars)

Country	1938	1948	1952	1954	1955
Total Sino-Soviet Bloc	123,546	233,483	67,311	49,425	65,166
USSR	24,034	86,823	16,818	11,923	16,775
European Satellites	30,677	26,313	22,758	30,497	38,051
Albania	190	"	52	"	80
Bulgaria	2,214	831	275	311	446
Czechoslovakia	26,174	22,125	1,677	3,074	3,819
East Germany	1/	1/	7,118	3,794	5,497
Estonia	1,244	2/	"	"	"
Hungary	3,544	1,613	2,913	1,339	2,087
Latvia	558	6	8	"	"
Lithuania	922	10	1	"	"
Poland and Danzig	13,417	1,249	10,247	21,570	26,524
Rumania	2,474	480	693	184	270
China (including Manchuria) 1/	42,815	120,345	24,605	154	195
Outer Mongolia			3,120	6,841	9,177

NOTE: Columns may not add exactly due to rounding.

* None

1. Not shown separately.

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3. United States does not consider Outer Mongolia as a part of Communist China, although traditionally, for statistical purposes Outer Mongolia has been conditionally included with China. Separate figures for this area have been compiled by the Bureau of the Census only since

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Although United States imports from the European satellites have shown a small but steady increase (\$23 million in 1951, \$26 million in 1952, \$30 million in 1953 and \$36 million in 1954) the composition of such trade has remained substantially unchanged, and restricted to a relatively few major items. Thus of \$37.6 million worth of imports from the European satellites in 1953, \$17 million or almost half consisted of Polish hams. The remainder was largely accounted for by shipments of fertilizer and photographic equipment from East Germany, feathers and fur from Hungary, glass products from Czechoslovakia and lacunas and nephelins from Poland.

4. Demands for Future European Satellite Exports to United States

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Fish products including shellfish	1/	20	23	12	15
Other foodstuffs	440	344	406	634	205
Furs and manufactures	1,446	668	343	424	467
Bristles, sorted, bunched, or prepared	32	437	437	300	481
Feathers, crude	1,619	2,895	1,506	696	931
Tobacco, unmanufactured	2,228	4	36	21	165
Rope	2,782	—	—	—	—
Wool, manufactured	—	—	—	169	133
Hair and manufactures	15	43	10	3	2
Other textiles and manufactures	6,092	795	621	1,340	1,099
Glass and glass products	2,420	1,202	713	913	1,732
Pottery and clay products	173	296	142	55	101
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Antimony	—	127	—	—	—
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Estonia	1,244	2/	*	*	*
Hungary	3,514	1,613	2,913	1,399	2,027
Latvia	550	6	*	*	*
Lithuania	922	10	1	1	5
Poland and Rumania	13,417	1,249	10,247	21,570	26,624
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